

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN)
KENTUCKY WATER DISTRICT (A) FOR) Case No. 2010-00094
AN ADJUSTMENT OF RATES; AND)
(B) ISSUANCE OF BONDS)

MOTION TO RECONSIDER VACATE OR REVOKE ORDER

Northern Kentucky Water District, by counsel, moves for reconsideration of the Order of December 21, 2010 pursuant to KRS 278.400 and KRS 278.390. The Order fails to provide the District with the necessary authority to proceed with the effort to obtain Build America Bonds (BAB). Even assuming the time available to complete the process of obtaining the bonds is adequate, the order does not include essential findings related to the rates authorized for the District to implement or the revenue requirement setting forth the allowable annual revenues the District is allowed to collect from its ratepayers. Each of these items is essential for the District to prepare, request and obtain approval from its financial agencies and other related entities. Without this necessary information, the rating agencies cannot confirm that the District will meet its financial operating benchmarks such as its debt service coverage and cannot rate the District's ability to qualify for the bonds.

Without the necessary information, the District simply cannot proceed with the effort to participate in the BAB program. For this reason the order is of no regulatory or legal benefit to the District and does not convey the authority to the District that the

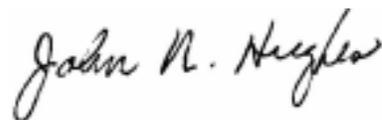
Commission intended. Because it provides no basis for the District to proceed with the bond process, it should be vacated.

Further, the order specifically limits the District to funding through the BAB program. Given that the District cannot accomplish that objective with this order and the impending expiration of the BAB program on December 31, 2010, the order stands as a potential impediment to the District's ability to issue any bonds. Without removal of the limitation of the BAB reference, the order does not allow the District to seek financing through other types of general revenue bonds. The order is thus a permanent limitation, not an ongoing authorization for funding.

The District requests that the December 21, 2010 order be revoked or vacated as allowed by KRS 278.390 so that the rate and revenue issues necessary for the rating process can be addressed in the final order and the District can be relieved of the impediment to other sources of bonds once the BABs expire at the end of this month. This revision does not modify or effect the rates or the revenue requirement proposed in the application and exhibits filed in this case.

For these reasons, the District requests an order revoking or vacating the December 21, 2010 order.

Submitted by:

A handwritten signature in black ink that reads "John N. Hughes". The signature is written in a cursive, flowing style.

John N. Hughes

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Frankfort, KY 40601
Attorney for the District